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State Dept. review completed

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PLEASE PASS TO GOMPERT/BREMER FOR THE SECRETARY

TO: HENRY A. KISSINGER
 FROM: BRENT SCOWCROFT
 SUBJECT: FOLLOWING UP ON YOUR MEMO ON WFC SPEECH

ON-FILE NSC
 RELEASE
 INSTRUCTIONS
 APPLY

1. MEMO ON SURVEY ON US AGRICULTURAL INVESTMENT NEEDS AND NATIONAL ACADEMY OF SCIENCE STUDY, APPROVED BY YOU IN HAKTO40 IS NOW WITH THE PRESIDENT. HORMATS HAS INFORMED ENDERS.

2. SIMON IS IN TEXAS BUT WILL GO OVER APPROPRIATE PARAGRAPHS TOMORROW.

3. BUTZ IS IN NEW YORK, BUT KEY ADVISER BELL INDICATES NO OBJECTION TO TARGET RESERVE LEVEL.

4. MEMO ON EXPORTERS CLUB HAS BEEN APPROVED BY THE PRESIDENT.

5. COMMENTS BY INDICATED CABINET MEMBERS WILL BE FORWARDED TO YOU TOMORROW AFTERNOON.

6. HORMATS HAS SEVERAL SPECIFIC SUGGESTIONS:

-- PARAGRAPH 10: DELETE "EQUAL TO" AND INSERT "CONSISTENT WITH" OR "COMMENSURATE WITH". "EQUAL TO" IMPLIES THE US WILL MAKE UP THE GAP.

-- PARAGRAPH 26 -- DELETE "SURPLUS COUNTRIES" AND INSERT "MAJOR EXPORTING COUNTRIES". THE FREQUENT USE OF "SURPLUS" IS INCONSISTENT WITH THE ARGUMENTATION PARAGRAPH 27.

-- PARAGRAPH 27: THE PROBLEM OF TRANSFERRING RESOURCES HAS NOT RESULTED FROM LACK OF MECHANISM BUT FROM LACK OF WILL AND/OR ABILITY OF DEVELOPED COUNTRIES TO PROVIDE ADEQUATE RESOURCES TO DEVELOPING COUNTRIES. MECHANISMS SUCH AS THE WORLD BANK, REGIONAL BANKS AND BILATERAL AID PROGRAMS HAVE EXISTED FOR 20 YEARS. WHILE IT MIGHT BE DESIRABLE TO HAVE A NEW MECHANISM NOW, WE SHOULD AVOID PLACING THE BLAME FOR PAST FAILURES ON "MECHANISMS."

-- PARAGRAPH 28: PRESIDENT DID NOT DIRECT THAT ALL RESTRICTIVE PRACTICES WHICH RAISE FOOD PRICES BE ENDED. HE DOES NOT HAVE THE POWER TO DO SO. HE SAID THAT THE COUNCIL ON WAGE AND PRICE STABILITY SHOULD "FIND AND EXPOSE" ALL RESTRICTIVE PRACTICES WHICH INCREASE PRICES. THUS "ENDED" SHOULD BE REMOVED AND THE WORD "EXPOSED" BE INSERTED. ALSO THE PRESIDENT DID NOT "PLEDGE" TO ALLOCATE FERTILIZER; HE DOES NOT HAVE THE POWER TO DO THIS EITHER. HE ASKED FOR AUTHORITY TO ALLOCATE FERTILIZER. THUS "SOUGHT AUTHORITY TO ALLOCATE ALL THE FERTILIZER REQUIRED" WOULD BE MORE ACCURATE.

-- PARAGRAPH 33: AN INCREASE FROM 2-1/2 PER CENT TO 3-1/2 PER CENT IS NOT A DOUBLING OF THE RATE OF GROWTH. IT IS A 40 PER CENT INCREASE.

-- PARAGRAPH 47: SUGGEST LAST SENTENCE BE MODIFIED TO READ "INSTITUTE A SYSTEM OF GENERALIZED TARIFF PREFERENCES FOR THE DEVELOPING COUNTRIES AND TO FOCUS ON THEIR SPECIAL NEEDS IN COMING MULTILATERAL TRADE NEGOTIATIONS."

-- PARAGRAPH 48: AGREE WITH ENDERS RECOMMENDATION TO CHANGE NAME OF GROUP TO FOOD FINANCING COORDINATING GROUP.

-- PARAGRAPH 51: SUGGEST MODIFYING TO READ "TO LOWER DEVELOPING COUNTRIES IMPORT REQUIREMENTS BY HELPING THEM TO INCREASE DOMESTIC PRODUCTION".

-- PARAGRAPH 52: SUGGEST MODIFICATION TO REFLECT PRESENT MISSION OF DEVELOPMENT COMMITTEE TO "GIVE URGENT ATTENTION TO THE PROBLEMS OF THE LEAST DEVELOPED COUNTRIES AND TO THOSE MOST SERIOUSLY AFFECTED BY THE BALANCE OF PAYMENTS DIFFICULTIES OF THE PRESENT SITUATION," AND THEN, "URGE THAT THE COMMITTEE PLACE HIGH PRIORITY ON FINDING MEANS TO ASSIST FOOD DEFICIT COUNTRIES WITH SERIOUS FINANCING PROBLEMS."

-- PARAGRAPH 60: SUGGEST THAT A SENTENCE BE INCLUDED TO STATE THAT THE WORK OF THE RESERVES COORDINATING GROUP SHOULD BE COORDINATED WITH THE WORK OF THE MULTILATERAL TRADE NEGOTIATIONS.

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